

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY PROGRAM IMPLEMENTATION ON PHILIPS LIGHTING CUSTOMER LOYALTY THROUGH BRAND IMAGE AS AN INTERVENING VARIABLE

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ABSTRACT

Competition in the global electronics industry is getting tougher and the emergence of new low-priced producers such as China and others. This forces suppliers to think about ways to maintain sales, especially in Indonesia. This study was conducted to determine the implementation of the CSR Program on brand image, determine the effect of brand image on customer loyalty, and determine CSR Program on customer loyalty through brand image. This research uses quantitative method by distributing questionnaires to 100 respondents using Philips products. The results showed that the CSR Program positively and significantly affected the brand image and customer loyalty. In addition, customer loyalty to Philips brand image proved to be an intervening for the indirect impact of the CSR Program on customer loyalty.

Keywords: CSR Program, Brand Image, Customer Loyalty, Philips Lamp

I. INTRODUCTION

Competition in the global electronics industry is getting tougher along with the emergence of new low-priced producers such as China and others. This forces suppliers to think about ways to maintain sales, especially in Indonesia. Philips continues to innovate ahead of the competition. Philips will make sure that it can do many things in the future. The sales contribution from Indonesia for global Philips is still single digit. Countries held by the United States, Japan, China and other developed countries. Philips starts by understanding the business challenges, sustainability goals and knowing what makes customer facilities different. With extensive healthcare experience and access to the latest innovations, Philips can identify the most appropriate lighting solution for its customer needs. Innovation creates real change in the world. By creating new technologies, Philips is working to create a healthier and more sustainable world. To optimize the new lighting, Philips uses its expertise and experience to look at every aspect of the project life cycle (M. Abdi Amna, 2015).

Philips has a good brand image because it is included in the "TOP BRAND" category with energy-saving lamps that compete with other competing lamps. From the data above, it can be concluded that Philips won the "TOP BRAND" category, because from 2015-2019 the percentage of the "TOP BRAND" category decreased. Philips remains in the first position as the Energy Saving Lamps Category compared to other competitors whose differences are very high compared to other competitors. This means that Philips LED lights are often used by the people of Indonesia. Because of the customer's trust in Philips, which uses the slogan of energy-saving lamps, customers can be called Philips customer loyalty.

Apart from the Corporate Social Responsibility Program, the thing that is not inferior in the competition to win over today's customers is the brand image. "According to Kotler and Keller (2016: 330), "The brand image tries to meet the

psychological and social needs of customers". Brand image is so necessary and makes many companies compete to find a positive brand image from the public and its customers. According to Tjiptono (2015: 49) Brand image is a description of association and consumer trust in certain brands.

Che et al. (2015) states that consumers tend to be happy to pay or buy products and services that already have a well-known brand. This is one of the advantages for the company to prove a positive brand image and loyalty from the eyes of consumers. One of the important things that every company needs to do and pay attention to is retaining existing customers. Besides that, the company must also continue to make innovations and new potential not to leave the company and become customers of other companies. In other words, the company must be able to maintain customer loyalty. Loyalty can be interpreted as a deep commitment to repurchase products or services that become their preferences consistently in the future by repurchasing the brand of the same company's products despite marketing efforts that can cause consumers to be inconsistent in purchasing products. Customer loyalty to the company's products is a very important concept, especially in conditions of very tight competition with low growth. Customer loyalty to the company's products is a very important concept, especially in very tight competition with low growth. In the face of competition, companies must compete with each other to create unique products to be liked by consumers. Intense competition between companies requires every company to innovate on products continuously to continue to survive consistently, be superior among other companies, and reach the top position.

Philips Indonesia is aware of the limited access to lighting in many remote villages in Indonesia, making all activities stop when night falls. Not only are they knowledgeable, this electricity company, which now has 34,000 employees in more than 70 countries, also took the initiative to re-illuminate the dark areas of the ground. Water with their flagship CSR program called Philips "Kampung Terang Hemat Energi." The program, which will be held for the 2017 to 2018 period, will involve four new regions after the previous year successfully created more than 300 light points in 9 villages in South Sulawesi. Philips utilizes the power of heaven for its CSR supporting products, this time not only for homes but also to "illuminate" public facilities such as village halls, health centers, and street lights, which will also use solar power.

Based on the literature review that the authors have done, a study of Corporate Social Responsibility Program and its relationship with brand image and customer loyalty already much done. There is, however, research regarding the influence of Corporate Social Responsibility Program on brand image and Philips lighting customer loyalty is still low. Therefore, the writer wants to know "The Effect of the Corporate Social Responsibility Program Implementation on Philips Lighting Customer Loyalty through Brand Image as an Intervening Variable."

II. LITERATURE REVIEW

2.1 Marketing

According to (Dayle in Sudaryono, 2016:41), Marketing is a management process that seeks to maximize shareholder returns by building relationships with valued customers and creating a competitive advantage. (Mutiar, 2017)

2.2 Corporate Social Responsibility Program

According to (Baron 2008) describes business practices near related to ethical values that are in line with legal and environmental demands. According to (Werther

& Chandler, 2013), overall Corporate Social Responsibility can be seen in three words: corporate, social, and responsibility. This Corporate Social Responsibility includes the relationship between the company (or other large organization) and the communities where it interacts. Therefore, Corporate Social Responsibility consists of all stakeholder groups that maintain a sustainable interest in the company. (Mardikanto, 2018)

2.3 Brand Image

According to Ferrina Dewi in Menik Wijiyanty (2016: 68), "Brand image is the perception of a brand which is a reflection of consumers' memory of the association with the brand." (Maulana, 2018)

2.4 Customer Loyalty

According to Griffin (in Hurriyati, 2005), loyalty refers more to the form of decision-making units to make continuous purchases of goods or services of a selected company. (Griff, 2019)

2.5 Conceptual Framework

According to (Sugiyono, 2018), the results are temporary for the problem's research formulation.

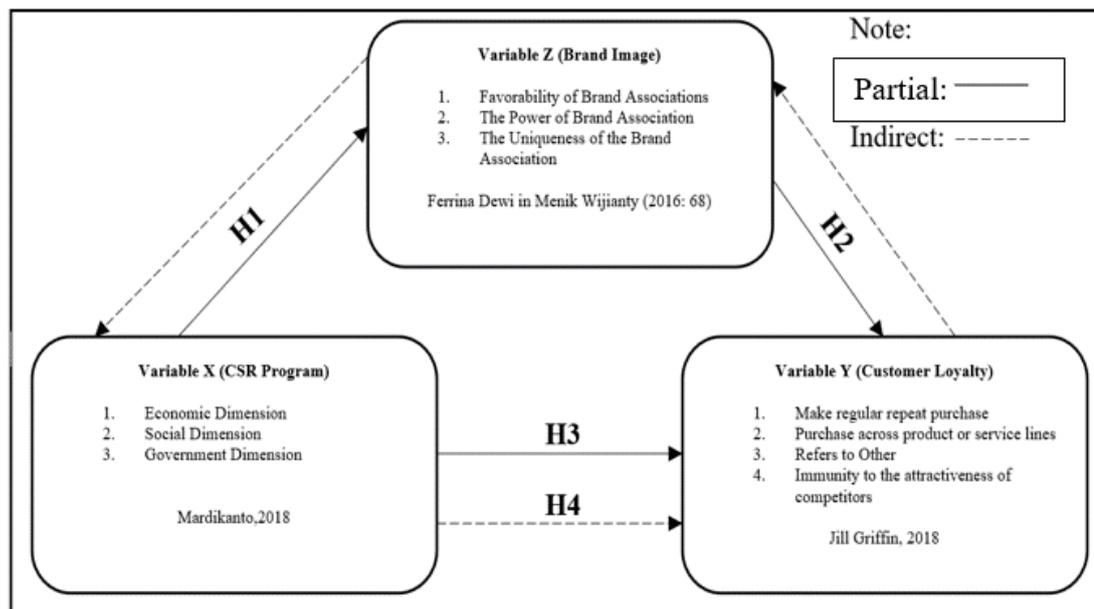


Figure 2.1 Conceptual Framework

Sources: Data Processed by Author, 2021

Based on the Figure 2.1 the hypothesis can be formulated in this research which is "The Effect of Corporate Social Responsibility Program implementation (X) as independent variable to Philips lighting Customer Loyalty (Y) as dependent variable through Brand Image (Y) as intervening variable. Meanwhile, the hypothesis to be tested one by one are as follows:

H1 : Corporate Social Responsibility Program (X) has a positive effect and significant to Brand Image (Z)

H2 : Brand Image (Z) has a positive effect and significant to Customer Loyalty (Y)

H3 : Corporate Social Responsibility Program (X) has a positive and significant to Customer Loyalty (Y)

H4 : Corporate Social Responsibility Program (X) has a positive and significant to Customer Loyalty (Y) through Brand Image as an Intervening Variable (Z)

III. RESEARCH METHODOLOGY

This research was conducted using quantitative methods by distributing a questionnaire. The sampling used was purposive sampling, where the sample the criteria for consumers who have bought Philips products at least 2X, know the Philips company profile, and know the Corporate Social Responsibility program. The measurement scale used is a Likert scale using a 5-point scale for questionnaires which strongly disagree as 1 and strongly agree as 5 to know the responses from respondents to the statements. Researchers use SPSS 24.0 software by carrying out several stages:

1. Test the measurement model, which is to test the validity and reliability of each indicator
2. Determine the description of 100 respondents' perception
3. Use Classic Assumption Test, correlation coefficient analysis, partial test (t-test), simultaneously test (f-test), coefficient determination to determine the relationship between two variable, and path analysis is used to measure the direct and indirect influence between independent and dependent variable through intervening variable.

Table 3.1 Methodology of Research

No	Characteristic of Research	Type
1	Based on the method	Quantitative
2	Based on the sampling technique	Purposive Sampling
3	Based on measurement scale	Likert Scale
4	Based on analysis method	Descriptive Analysis, Classic Assumption Test, Hypotesis Test, and Path Analysis

Source: Data Processed by Author, 2021

IV. FINDING AND FURTHER RESEARCH

4.1 Characteristic of Respondent

The researcher obtained 100 valid respondents. According to the sampling method used, valid respondents were Philips lamp customers. Table 4.1 shows a summary of respondents' characteristic are divided into several categories.

Table 4.1 Characteristic of Respondent

Characteristic	Total	Percentage
Gender		
Female	68	68%
Male	32	32%
Age (years old)		
20 > 30	20	20%
31 > 40	36	36%
41 > 50	26	26%
> 50	18	18%
Occupation		
Housewife	32	32%
Entrepreneur	27	27%
Entrepreneur Government	16	16%
Employee Private Employee	23	23%
Lecturer	2	2%

Monthly Income		
< 2.000.000	22	22%
2.000.000 – 3.000.000	22	22%
3.000.000 – 5.000.000	20	20%
> 5.000.000	36	36%

Source: Author's Processed Primary Data, 2021

4.2 Descriptive Analysis

According to (Sugiyono 2017: 35), is a descriptive research method carried out to determine the existence of independent variables, either only in one or more variables (separate or independent variables) without comparing the variables themselves and looking for relationships with other variables which is Philips lighting users. The results of the descriptive data are shown below:

Table 4.2 Descriptive Analysis

Variable	Total Score	Percentage	Category
CSR Program (X)	5337	88,95%	Very Good
Brand Image (Z)	2731	91,03	Very Good
Customer Loyalty (Y)	3336	83,40%	Good

Source: Author's Processed Primary Data, 2021

4.3 Validity and Reliability Test

4.3.1 Validity Test

According to (Sugiyono 2017:125), Validity test is the degree of accuracy between the data on the object and the data collected by the researcher. table 4.3, table 4.4, and table 4.5 the operational variable were tested using SPSS 24.0 software application. The statements are valid because the r -count is greater than r -table which is 0.361.

Table 4.3 Validity Test of CSR Program

Variable	No	R_{count}	R_{table}	Information
CSR Program (X)	1.	0,773	0.361	Valid
	2.	0,877	0.361	Valid
	3.	0,842	0.361	Valid
	4.	0,843	0.361	Valid
	5.	0,827	0.361	Valid
	6.	0,866	0.361	Valid
	7.	0,916	0.361	Valid
	8.	0,916	0.361	Valid
	9.	0,876	0.361	Valid
	10.	0,558	0.361	Valid
	11.	0,860	0.361	Valid
	12.	0,777	0.361	Valid

Source: Data Processed by SPSS, 2021

Table 4.4 Validity Test of Brand Image

Variable	No	R_{count}	R_{table}	Information
Brand Image (Z)	1.	0,862	0.361	Valid
	2.	0,849	0.361	Valid

	3.	0,882	0.361	Valid
	4.	0,898	0.361	Valid
	5.	0,919	0.361	Valid
	6.	0,873	0.361	Valid

Source: Data Processed by SPSS, 2021

Table 4.5 Validity Test of Costumer Loyalty

Variable	No	R_{count}	R_{table}	Information
Customer Loyalty (Y)	1.	0,855	0.361	Valid
	2.	0,898	0.361	Valid
	3.	0,917	0.361	Valid
	4.	0,928	0.361	Valid
	5.	0,967	0.361	Valid
	6.	0,931	0.361	Valid
	7.	0,863	0.361	Valid
	8.	0,919	0.361	Valid

Source: Data Processed by SPSS, 2021

4.3.2 Reliability Test

According to Sugiyono (2017: 199), Reliability tests are used to obtain valid and reliable research results and are used to measure many times to produce the same data (consistency)". The results are shown below:

Table 4.6 The Results of Reliability Test

Variable	Cronbach's Alpha	Total Number of Items
CSR Program	0.958	12
Brand Image	0.932	6
Customer Loyalty	0.970	8

Source: Data Processed by SPSS, 2021

4.4 Hypothesis Test Analysis

4.4.1 Partial Significance Test (Statistical t-test)

Partial testing of the T-Test is used to determine each independent variable's effect, namely the Corporate Social Responsibility Program, on the dependent variable, namely Brand Image.

**Table 4.7 Partial Significant T Test: X to Z
Coefficients^a**

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.863	.368		2.346	.021
	CSR Program	.780	.073	.735	10.717	.000

a. Dependent Variable: Brand Image

Source: Author's Processed Using SPSS, 2021

Based on table 4.7 above, it can be seen that the Corporate Social Responsibility Program value T-Count (10.717) > T-Table (1.984) with Sig. 0.000 < 0.05, then H0 is accepted, and Ha is rejected, which means that the Corporate Social Responsibility

Program has a significant effect on Brand Image.

Table 4.8 T Test: X and Z to Y

Model	Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	-.858	.406		-2.114	.037
1	CSR Program	.752	.115	.615	6.527	.000
	Brand Image	.234	.108	.203	2.154	.034

a. Dependent Variable: Customer Loyalty

Source: Author's Processed Using SPSS, 2021

Based on Table 4.8 above, it can be seen that:

1. Corporate Social Responsibility Program T-Count (6.527) > T-Table (1.985) with Sig. 0.001 < 0.05, then H₀ is accepted, and H_a is rejected, which means that the Corporate Social Responsibility Program has a significant effect on Customer Loyalty.
2. Brand Image T-Count (2.154) > T-Table (1.985) with Sig. 0.005 < 0.05, then H₀ is accepted, and H_a is rejected, which means that the Corporate Social Responsibility Program has a significant effect on Customer Loyalty.

4.4.2 Simultaneous Significance Test (Statistical f-test)

The hypothesis testing criteria are:

1. If F-Count > F-Table and Sig. Less than 0.05, then H₀ is rejected, and H₁ is accepted. This shows a significant effect of the Corporate Social Responsibility Program on Brand Image.
2. If F-Count < F-Table and Sig. more than 0.05, then H₀ is accepted, and H_a is rejected. This shows no significant effect of the Corporate Social Responsibility Program on Brand Image.

Simultaneous testing aims to determine the effect of the Corporate Social Responsibility Program variable on the Customer Loyalty variable through the Brand Image variable. Simultaneous (overall) calculation of the path coefficient in Sub-Structure 2 can be seen in the Anova 4.9 table, which is obtained from the results of the SPSS 24 output as follows:

Table 4.9 F Test: X and Z to Y

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	33.178	2	16.589	73.739	.000 ^b
1	Residual	21.822	97	.225		
	Total	55.001	99			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Brand Image, CSR Program

Source: Author's Processed Using SPSS, 2021

From the ANOVA 4.9 table, the calculated F-Value of 73.739 is greater than the F-Table for $\alpha = 0.05$ of 2.70 with a probability value (Sig.) = 0.000. Because F-Count (73,739) > F-Table (2.70) with the value of Sig. 0.000 < 0.05, the conclusion is that H₀ is rejected and H_a is accepted, which means the Corporate Social Responsibility Program, Brand Image on Customer Loyalty.

4.4.3 Coefficient of Determination

The final step is to calculate the Sub-Structure path coefficient 1. Calculation of the Sub-Structure 1 path coefficient can be seen in Table Model Summary 4.10 obtained from the output of SPSS 24 as follows:

**Table 4.10 Coefficient of Determination: X to Z
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 ^a	.540	.535	.44163

a. Predictors: (Constant), CSR Program

b. Dependent Variable: Brand Image

Source: Author's Processed Using SPSS, 2021

This means that the influence of the variables of the Corporate Social Responsibility Program on the Brand Image is 54.0%, while 46% is the magnitude of the influence of other variables that are not included in this study.

The final step is to calculate the Sub-Structure path coefficient 2. The calculation of the Sub-Structure 2 path coefficient can be seen in Table Model Summary 4.11 which is obtained from the output of SPSS 24 as follows:

**Table 4. 11 Coefficient of Determination: X and Z to Y
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777 ^a	.603	.595	.474

a. Predictors: (Constant), Brand Image, CSR Program

b. Dependent Variable: Customer Loyalty

Source: Author's Processed Using SPSS, 2021

This means that the influence of the Corporate Social Responsibility Program, Brand Image on Customer Loyalty is 60.3%. In comparison, 39.7% is a factor of other variables not included in the research.

4.4.4 Path Analysis

Path analysis is used to find out the causal relationship, to explain the direct effect and the indirect impact of a set of variables, as variables causes other variables, which are effect variables. Based on the Summary Model Table Sub-Structure II, the R-Square is 0.603. it shows the Corporate Social Responsibility Program, Brand Image on Customer Loyalty is 60.3%. In comparison, 39.7% is a factor of other variables not included in the research. The ϵ value can be calculated by the formula of $\epsilon = \rho y^{\epsilon} = \sqrt{1 - R \text{ square}}$

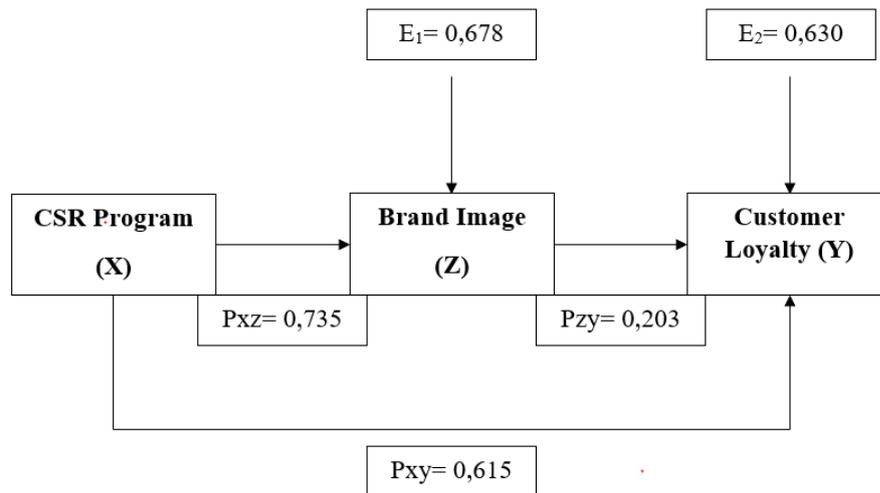


Figure 4.1 Path Diagram

Source: Data Processed by Author, 2021

Based on the Path Coefficient calculation, the Corporate Social Responsibility Program variable has a significant effect on Customer Loyalty, and the influence is 61.5%. While, the indirect value of Corporate Social Responsibility Program on Customer Loyalty through Brand Image that is equal 14.9%. So, there is no influence of the Corporate Social Responsibility Program variable on Customer Loyalty through Brand Image.

4.4.5 Summarize the Path Analysis Coefficients

Table 4.12 Summarize the Path Analysis Coefficients

No.	Variabel	Influence		Remainder ϵ_1 and ϵ_2	Total	Influence (%)
		Direct	Indirect			
1	X to Z	0,540	–	–	0,540	54,0%
2	X to Y	0,378	–	–	0,378	37,8%
3	Z to Y	0,041	–	–	0,041	4,1%
4	X and Z to Y	0,630	–	3,970	1	63%

Source: Processed Data SPSS 24 (2021)

Thus, the following results were obtained:

1. Direct influence between the Corporate Social Responsibility Program (X) variable on the Brand Image (Z) with a percentage of effect of 54.0%. Other variables outside of this study influence the remaining 46%.
2. Direct influence between the Corporate Social Responsibility Program (X) variable on Customer Loyalty with a percentage of 37.8% influence. Other variables outside of this study influence the remaining 62.2%.
3. Direct influence between the Brand Image (Z) variable on Customer Loyalty with a percentage of the influence of 4.1%. Other variables outside of this study influence the remaining 95.9%.
4. Direct Influence between Corporate Social Responsibility Program (X) on Customer Loyalty through Brand Image (Z) with a percentage of influence of 63%. Other variables outside of this study influence the remaining 37%.

V. CONCLUSIONS AND SUGGESTIONS

The result shows that Corporate Social Responsibility Program is in Very Good category with a percentage of 88.95%. This shows that companies can play an active role for rural communities / remote villages with the existence of the Corporate Social Responsibility Program through the "Kampung Terang Hemat Energi" program. Brand Image is in Very Good category with a percentage of 91.03%. This shows that the customers acknowledges that Philips lighting products have a good reputation. Customer Loyalty is in Good category with a percentage of 83.40%. This shows that customers are not affected by the low costs offered by other products. PT. Philips Indonesia develops products with more unique innovations so that Philips lamps' loyal customers can explain the advantages of Philips lamps to the public so that people are interested in these Philips lamps. Based on the analysis of respondents' responses to the CSR Program variable regarding the item that gets the lowest rating, it is recommended that the CSR program be held every year to improve the company's brand image so that more and more people buy Philips lamps and can increase company profits. Based on the analysis of respondents' responses to Brand Image variable regarding the item that received the lowest rating, Philips was recommended to comment on the better product. Based on the analysis of respondents' responses to the Customer Loyalty variable regarding the item that received the lowest rating, it is recommended that Philips customers provide testimonials when using Philips lamps so that people know the advantages of Philips lamps.

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